


## ZeroSum Market First Report

# New Car Prices Decline for the First Time in Months, New Car Inventory Approaching Two Million

August 2023



**The ZeroSum Market First Report** is the automotive industry's first source to predict month-end vehicle movement, providing vital supply and demand trend data to automotive marketers and dealers. ZeroSum uses predictive modeling to accurately estimate new vehicle inventory, pricing trends, and market share.



# ZEROSUM'S TAKE: WHAT YOU NEED TO KNOW

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The automotive industry went through some interesting changes from EOM July 2023 to now. In last month's Market First Report, ZeroSum reported that both new and used inventory were declining from earlier in the year. Now, a month later, new car inventory is up while used car inventory has continued to decline. The industry has seen the first price decrease in new cars in almost a year, and although the decrease is small (0.13%) after a year of no price relief at all, any decline is notable.

ZeroSum predicts that August's end-of-month (EOM) new car inventory will reach 1,965,527. This is an increase from July 2023 EOM (1,881,960) and the highest level that new car inventory has reached since early in the pandemic.

ZeroSum is forecasting August's used car inventory to be 1,865,990 by EOM. This number is 5.21% decrease from July's EOM (1,968,512) but inventory for used cars is still well above the January 2023 low of 1,510,076.

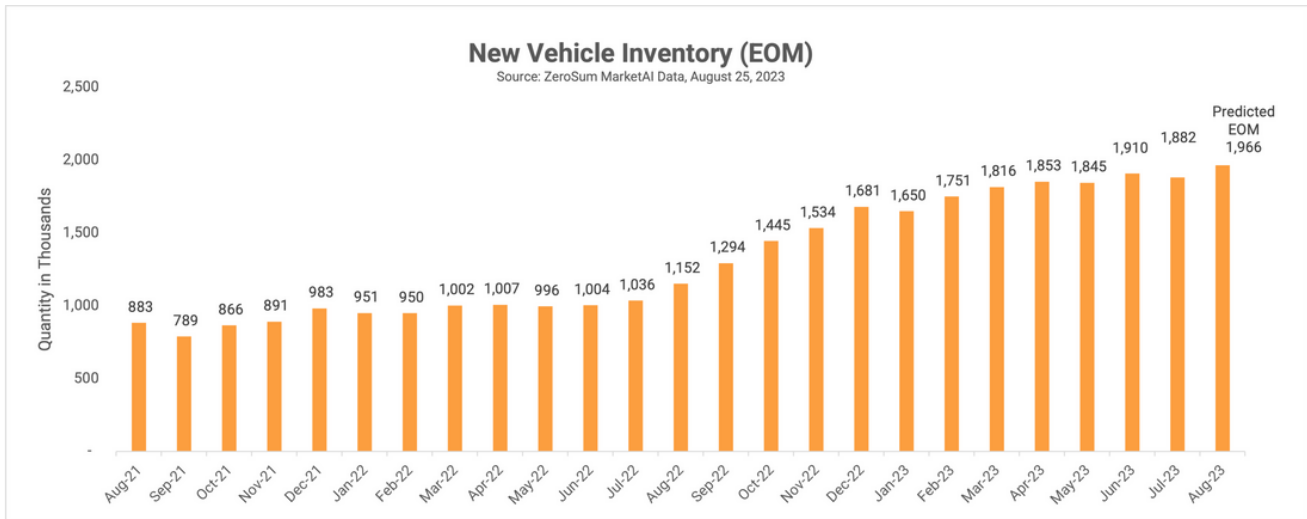
The electric vehicle (EV) inventory is continuing its momentous climb. ZeroSum is predicting the EOM EV inventory count to be 271,367. This is a 5.45% increase in supply from July's EOM number of 257,333.

# ZEROSUM'S TAKE: WHAT YOU NEED TO KNOW

Here are your key takeaways:

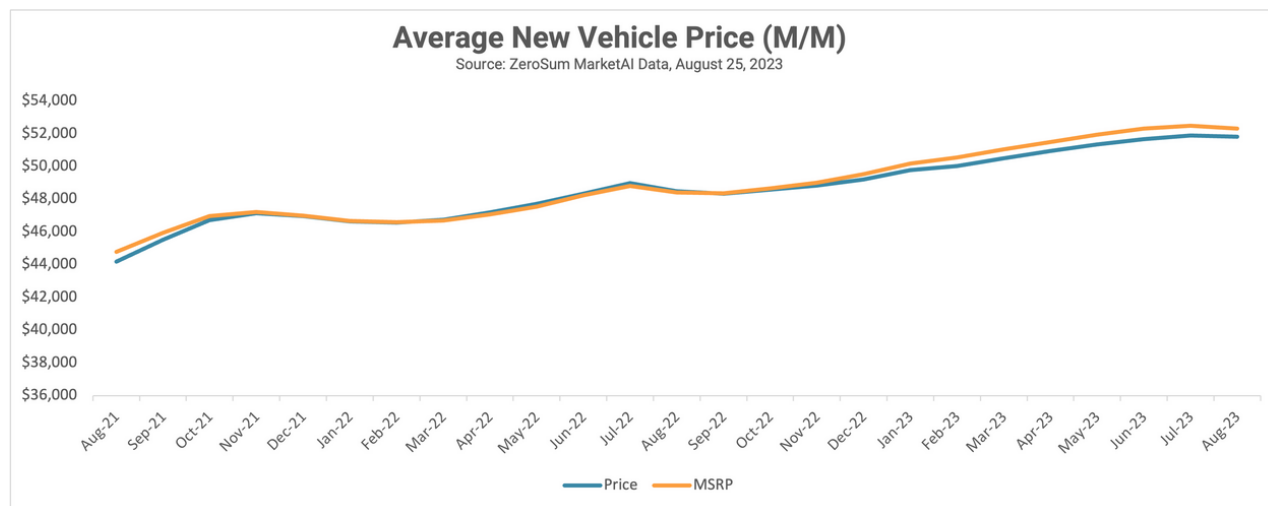


# NEW VEHICLES RETAIL OUTLOOK



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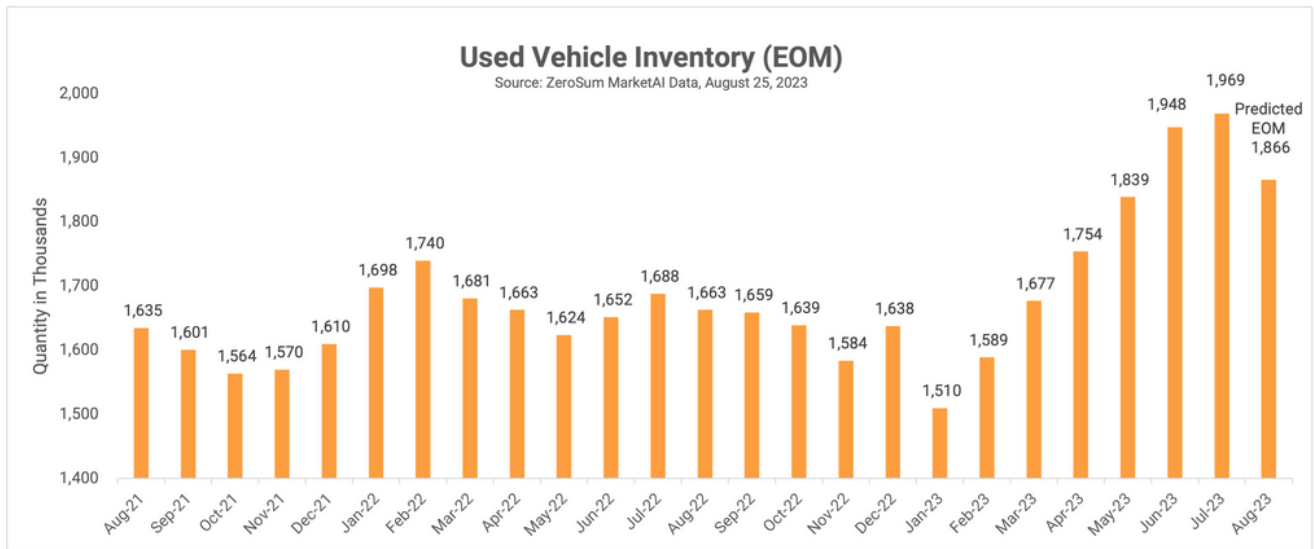
# NEW VEHICLES RETAIL OUTLOOK



ZeroSum is predicting the first drop in average new car prices in almost a year. The average cost of a new car is expected to be \$51,820 with the MSRP at \$52,322—a gap of \$502. New car prices have dropped 0.13% between July EOM and August, but even a small drop is notable after so many months of unrelenting price rises. For example, between May 2023 and June 2023, the average price of a new vehicle jumped from \$51,345 to \$51,674, an increase of \$329 in just one month. If the industry looks back even further to one year ago, the average price of a new car between July 2022 (\$48,969) and July 2023 (\$51,887) increased by \$2,918.

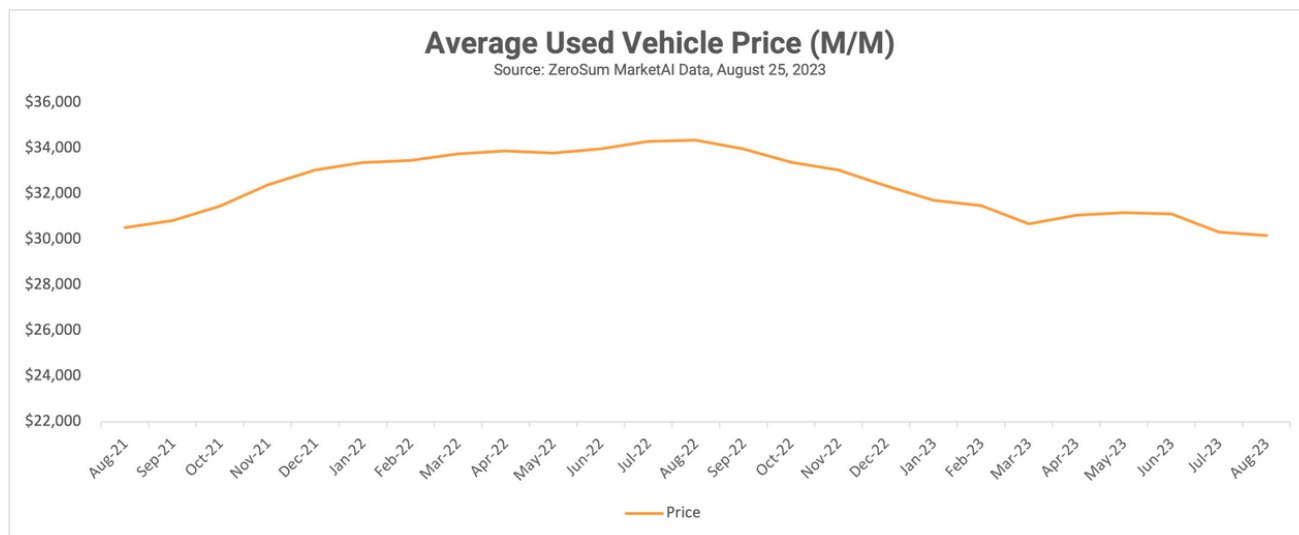
Cloud Theory recently released a [blog](#) examining the supply chain shortages and subsequent high new car prices post-COVID. The author, Rick Wainschel, VP of Data Science and Analytics for Cloud Theory predicted that, with supply chain pressures easing along with factors such as higher interest rates preventing consumers cutting into their budgets, the industry may have reached the "summit" of these record-high prices. ZeroSum is predicting that the August EOM average new car price will be lower than July's, as mentioned above, and even the small price dip on new cars after months of climbing prices is a sign that the marketing is shifting.

# USED VEHICLES RETAIL OUTLOOK



ZeroSum is forecasting EOM August used car inventory to be 1,865,990. This number is a 5.21% decrease from July’s EOM (1,968,512) but inventory for used cars is still well above the January 2023 low (1,510,076).

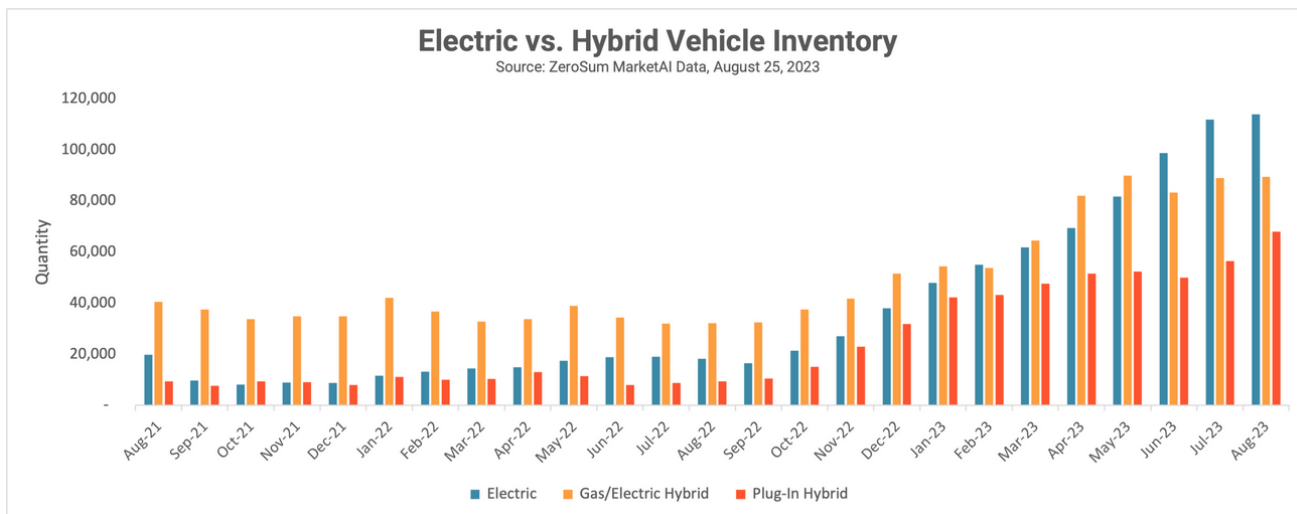
# USED VEHICLES RETAIL OUTLOOK



Used vehicle prices have declined for the third straight month, with ZeroSum estimating the August EOM average price of a used vehicle to be \$30,168. Although prices did have a slight bump in May of this year, used car prices have been on a somewhat steady decline since the post-COVID peak of \$34,357 in August 2022.

The decline in used car inventory is reportedly causing problems for dealers. Pre-COVID, it was common for consumers to return cars at the end of a two- or three-year lease term, with those returned cars, in turn, populating the used car market. However, with COVID disrupting the supply chain and higher interest rates on leased cars, more consumers are holding on to vehicles that ordinarily would have been returned to dealers. Unfortunately, since the number of lease maturities from 2023–2025 is estimated to be 2.5 million less than the previous two years, dealers should be aware that it’s possible this problem will persist.

# EV RETAIL OUTLOOK



For August 2023 total EV inventory in the U.S. is now 271,367. All three EV categories (electric, gas/electric hybrid, plug-in hybrid) have increased, with the pure electric inventory having the highest in inventory count at 113,912 and rising MoM by 1.83%. Gas/electric hybrid inventory count is 89,463, a 0.54% increase from July’s number of 88,984, and plug-in hybrids is the smallest sub-segment, at 67,992, though at a considerable increase (20.36%) from its July inventory of 56,489.

Last week ZeroSum released a [downloadable](#) guide titled “A Dealer’s Guide to Moving Excess EV Inventory.” Post-COVID, OEMs have been releasing more EV models (50 in just 2023 alone) to compete with Tesla’s dominant market position. We can see in the inventory chart above the steady increase in EVs over the past couple of years, with pure electric models gaining traction and then overtaking other types of EVs starting late 2022 and into this year. EV inventory has increased substantially in the past several months, with the result being dealers overstocked with excess inventory and needing to find a solution to moving it. ZeroSum’s report examines the current EV market, the consequences of EV saturation, and gives advice and tactics to automotive dealers on how to navigate the situation and move excess EVs.



# ABOUT ZEROSUM'S MARKET FIRST REPORT

ZeroSum is an industry leader in software, marketing, and data. Powered by its SaaS platform, MarketAI, ZeroSum is simplifying and modernizing automotive marketing by leveraging artificial intelligence, data, and scaling ability to acquire new customers. ZeroSum is the first and only company that matches consumer demand with automotive data in real-time for elite dealer marketing efficiency. For more information, visit [www.zerosum.ai](http://www.zerosum.ai).

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Want to learn more? Book your demo now.

ONLINE DEMO



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